TESTIMONY OF

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BEFORE THE

SUBCOMMITTEE ON HEALTH

COMMITTEE ON ENERGY AND COMMERCE

UNITED STATES HOUSE OF REPRESENTATIVES

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Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to meet with you today on behalf of the Health Resources and Services Administration (HRSA) to discuss the Health Centers Program.

We testified before the Subcommittee on August 1, 2001, to discuss the most recent reauthorization of the Health Centers Program. At that time, the funding for the program was approximately $1.2 billion. We thank you for both your efforts in reauthorizing the program and ensuring funding to expand this worthwhile program to accomplish the President's Initiative, with a requested FY2007 funding level of approximately $2 billion.

Today, I am proud to update you on the success and growth of the program to date. By any measure, we have been enormously successful implementing the President's Health Center Expansion initiative—an effort designed to establish or expand 1,200 health center sites and serve over 15.8 million patients in FY 2007. This continues to be a priority because we know that these funds go to provide direct health care services for our neighbors who are most in need.

In 2005, the health center system served an estimated 14 million people—almost 3.5 million more than in 2001—at more than 3,740 service delivery sites that represents an increase of more than 770 new and expanded sites since 2001. Health Centers are located in all 50 States, the District of Columbia, and the territories.

The President's 2007 budget proposes an additional $181 million for the sixth year of the President's expansion plan to significantly expand the Health Center safety net by increasing the

number of access points and people served. Approximately $181 million would fund the development of 182 new access points (new starts administered by new grantee organizations and satellites of existing grantees), 120 expanded existing sites, and serve 1.2 million new patients. New access points will be competitively established through Health Centers targeting the neediest populations and communities by replicating existing models of success. Expanded access points will be targeted in communities where an existing Health Center's ability to provide care falls short of meeting the documented services delivery needs of the uninsured and underserved populations. By significantly expanding the number of existing access points, increased penetration into these populations will be achieved.

With the FY 2007 requested increase, the President's Health Center Initiative is on track to establish or expand 1,200 sites over the 2001 level. However, there is the likelihood that without special attention, some high poverty counties throughout the country may not successfully secure a Health Center site. Included in the President's commitment is the goal to create a Health Center site in every poor county that lacks a Health Center site and can support one. Within the total request, $52 million will be directed to fund 80 new Health Centers sites in poor counties around the Nation. Access to primary and preventive health care services is critical, especially in poor communities that are medically underserved.

Health Centers Program

The distinguishing mission of the Health Centers Program is to empower communities to solve their own local access problems and to improve the health status of their under served and

vulnerable populations by building community-based primary care capacity and by offering case management, home visiting, outreach, and other enabling services. The program also addresses significant challenges facing communities by targeting public housing, homeless, and migrant health center development as well. Health Centers provide access to high quality, family oriented, comprehensive primary and preventive health care, regardless of ability to pay.

Health Center grantees, as a result of their receiving from HRSA a grant under section 330 of the Public Health Service (PHS) Act, are eligible for enhanced benefits including Medicaid/Medicare reimbursement, access to the Federal Tort Claims Act (FTCA) program for health center malpractice coverage, and access to the program for discount drugs for patients under section 340B of the PHS Act.

Under section 330, Health Centers are required to provide primary health services, including those related to family medicine, internal medicine, pediatrics, obstetrics, or gynecology that are furnished by physicians and where appropriate, physician assistants, nurse practitioners, and nurse midwives. Additional required basic health services include diagnostic laboratory and radiological services and a series of preventive health services, including prenatal and perinatal services; appropriate cancer screening; well-child services; immunizations against vaccine-preventable diseases; screenings for elevated blood lead levels; communicable diseases and cholesterol; pediatric eye, ear, and dental screenings; and preventive dental services.

Health Centers Requirements

To receive section 330 grant funds, a clinic must meet a number of statutory requirements. The Health Center must: be located in a federally designated medically underserved area (MUA) or serve a federally designated medically underserved population (MUP); be a public or private nonprofit health center; provide comprehensive primary health services, referrals, and other services needed to facilitate access to care, such as case management, translation, and transportation; have a governing board, the majority of whose members are patients of the Health Center; provide services to all in the service area regardless of ability to pay; and offer a sliding fee schedule that adjusts according to individual family income.

The requirement that a majority of board members be Health Center patients makes these clinics unique among safety net providers and is designed to ensure that the centers remain responsive to community needs. Under section 330, a Health Center applicant needs to demonstrate the establishment of a governing board that has a 51 percent consumer majority, meets monthly, selects the Health Center's services and hours, approves the Health Center's annual budget, selects the Health Center's director, and establishes the Health Center's general policies.

Health Centers Awards Process

HRSA accepts, on a competitive basis, applications from eligible organizations seeking a grant for operational support for new and existing Health Centers. Eligible organizations are public or nonprofit entities including tribal, faith-based and community-based organizations.

The largest category of grant awards includes new access points encompassing both new clinic starts and satellites of existing clinics. Other categories include grants to expand medical capacity at existing locations.

All eligible and responsive grant applications are referred to an Objective Review Committee (ORC), comprised of experts in the delivery of community health care services, for their independent review and recommendations. When funding decisions are made, each applicant receives a notification letter listing strengths and weaknesses of each section of their application as noted by the ORC. This review approach provides valuable technical assistance for improving future applications for both awardees and those we were not able to approve during a particular cycle.

Technical Assistance

HRSA works directly with communities to develop needed resources through the primary care associations in each State. These primary care associations, funded by HRSA, provide ongoing technical assistance involving guidance and options for organizations interested in applying for Health Center grants and to existing Health Center grantees interested in expanding their comprehensive primary care services.

In addition, HRSA assists applicants through grant-writing workshops and other technical assistance activities that are provided through a cooperative agreement with the National

Association of Community Health Centers. Such activities assist applicants to: demonstrate a high level of need in the community; present a sound proposal to meet this need; show that the organization is ready to rapidly implement the proposal; display responsiveness to the health care environment in the service area; and demonstrate collaborative and coordinated delivery systems for the provision of health care to the underserved in their communities.

Federally-funded health centers are similar to other health care businesses. Like most businesses, at any point in time, approximately 4 percent of health centers are experiencing significant challenges to their viability. HRSA, with assistance from interdisciplinary teams that may include contractors, grantees and staff, provides intensive technical assistance to grantees to address problems. At all times, continuity of service for the affected population is the first priority under consideration in addressing such challenges.

Health Centers Services

Health Centers offer ambulatory services that reflect the diverse needs of the populations they serve. Because of the combination of low incomes, linguistic barriers, and frequently poor health status, Health Center patients require access to enabling services as well as comprehensive primary care services.

Health Centers are unique among primary care providers for the array of enabling services they offer, including case management, translation, transportation, outreach, eligibility assistance, and

health education. Health Centers commit significant resources to managing chronic conditions including diabetes, asthma, and cardiovascular disease.

In 2004, Health Centers provided more than 52 million encounters, over 250,000 mammograms, over 1.5 million pap tests, and nearly 2.4 million encounters for immunizations, as well as over 425,000 HIV tests and counseling, perinatal and delivery care for 364,000 women. Over 95.7 percent of grantees provided translation services either directly or by referral.

Health Centers are staffed by a combination of clinical, enabling, and administrative personnel. They are typically managed by a chief executive officer and a clinical director. Depending on the size of the patient population, the clinical staff consists of a mixture of primary care physicians, nurse practitioners, physician assistants, substance abuse and mental health specialists, dentists, hygienists, and other health professionals.

Health Centers Financing

Health Centers receive funding from a variety of sources. A majority of Health Centers revenue comes from Federal resources including Medicaid, Medicare, the section 330 grant, SCHIP and other Federal programs. On average nationwide, HRSA grants comprise 23 percent of Health Center revenue, but as little as 15 percent depending on the individual community and grant application. At 35 percent, Medicaid is the largest source of revenue for Health Centers, followed by Federal grants. Health Centers serve about 10 percent of all Medicaid enrollees nationally.

For Health Centers' revenues, in addition to Medicaid and the section 330 Federal grant funding, Medicare accounts for 6 percent, self-pay for 6 percent, other third-party payers 7 percent, other State/local government or foundations account for 18 percent and the remaining 5 percent from other sources.

Health Centers Background

The development of the Consolidated Health Centers Program began over 40 years ago with the creation of the migrant health center program and followed by the neighborhood health center demonstration projects initiated in 1965 and first funded by Congress as part of the War on Poverty. By the early 1970s, about 100 neighborhood health centers had been established under the Economic Opportunity Act. These centers were designed to provide accessible, dignified personal health services to low-income families. Community and consumer participation in the organization and a patient-majority governing board were features of the Health Center model. With the phase-out of the Office of Economic Opportunity in the early 1970s, the centers supported under this authority were transferred to the Public Health Service. The mandate of the centers was broadened so that comprehensive primary and preventive services were provided to all who came through the doors. The Community Health Center program, as authorized under section 330 of the Public Health Service Act, was established in 1975. A reauthorization that consolidated the separate authorities of the Community, Migrant, Homeless and Public Housing Health Centers under section 330 took place in 1996. Most recently, the Health Care Safety Net Amendments of 2002 reauthorized the Consolidated Health Centers Program through 2006. The

2002 Health Center reauthorization requires that grants be awarded for FY 2002 and beyond in such a way that maintains the proportion of the total appropriation awarded to migrant, homeless and public housing applicants in FY 2001. In general, about 81 percent of funding is awarded to community health centers, with the remaining 19 percent divided across migrant, public housing, and homeless health centers.

Health Centers' Effectiveness

The overall effectiveness of the Health Center program has been proven in numerous studies and evaluations. Under the Administration's rating of Federal programs, the Health Center program receives the highest possible ranking – "Effective." Programs rated "Effective," according to the Office of Management and Budget, "set ambitious goals, achieve results, are well-managed and improve efficiency." The program achieved this rating based the fact that it "is designed to have a unique and significant impact," and that "evaluations indicate the program is effective at extending high-quality health care to underserved populations."

Conclusion

Health Centers offer high quality, prevention-oriented, case-managed, family-focused primary care services that result in appropriate and cost-effective use of ambulatory, specialty and in-patient services. Primary care is delivered for all life cycles, and includes a full range of health services. In administering grants for the Health Centers Program, we take great pride in the high evaluation given the program, and the bipartisan support of Congress, and fully realize that the

program works only as a partnership with those extraordinary local primary care providers providing indispensable quality clinical services to underserved Americans with few health care alternatives.

We look forward to working with the Committee and the Congress in reauthorizing the Health Center program. I would be happy to answer any questions at this time.